

BANK OF BARODA, HONG KONG BRANCH
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

I. Profit and Loss Account
For the six months ended 30th September 2016

| | <u>30.9.2016</u> | | <u>30.9.2015</u> |
|---|------------------------|------------------|----------------------|
| | (HK \$'000) | | (HK \$'000) |
| <u>INCOME</u> | | | |
| Interest income | 149,706 | | 130,649 |
| Interest expenses | <u>(88,178)</u> | | <u>(64,671)</u> |
| Net interest income | 61,528 | | 65,978 |
| <u>Other Operating Income</u> | | | |
| Gross fees and commission income | 6,511 | 15,565 | |
| Less: Expenses | <u>-</u> | <u>-</u> | |
| Net Fees and Commission Income | 6,511 | | 15,565 |
| Gains less losses arising from trading in foreign currencies | 6,835 | | 920 |
| Gains less losses from trading in securities | - | | - |
| Others | <u>3,009</u> | | <u>4,421</u> |
| Total Operating Income | 77,883 | | 86,884 |
| <u>EXPENSES</u> | | | |
| <u>Operating Expenses</u> | | | |
| Staff expenses | 5,538 | 4,768 | |
| Rental Expenses | 5,081 | 5,351 | |
| Other expenses | <u>3,178</u> | <u>13,797</u> | <u>3,023</u> |
| | | | <u>13,142</u> |
| Operating Profit before Impairment Losses | 64,086 | | 73,742 |
| Impairment losses and provisions for impaired loans and receivables | | | |
| - Collective Provision | (408) | (3,853) | |
| - Specific Provision | <u>(124,764)</u> | <u>(125,172)</u> | <u>(37,681)</u> |
| | | | <u>(41,534)</u> |
| Profit (Loss) before Taxation | (61,086) | | 32,208 |
| Tax Expense | 7,755 | | 12,225 |
| Profit (Loss) after Taxation | <u>(68,841)</u> | | <u>19,983</u> |



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II. Balance Sheet
As at 30th September 2016

| | <u>30.9.2016</u> | | <u>31.3.2016</u> |
|--|--------------------------|-----------|--------------------------|
| | (HK\$'000) | | (HK\$'000) |
| <u>ASSETS</u> | | | |
| 1. Cash and balances with banks | 826,992 | | 1,094,977 |
| 2. Placement with banks maturing between one and twelve months | 5,250,068 | | 2,768,071 |
| 3. Amount due from overseas offices | 2,817,090 | | 1,358,256 |
| 4. Trade Bills | 1,297,830 | | 645,263 |
| 5. Loans and Receivables | | | |
| Advances to customers | 7,514,157 | 7,535,603 | |
| Advances to banks | 77,504 | 77,504 | |
| Accrued interest and other accounts | 135,585 | 97,902 | |
| Provision for impaired loans and receivables - Collective | (35,827) | (35,412) | |
| Provision for impaired loans and receivables - specific | (290,627) | (322,927) | 7,352,670 |
| 6. Investment Securities | 459,603 | | 459,775 |
| 7. Property, plant and equipment | 5,397 | | 5,528 |
| Total Assets | <u>18,057,772</u> | | <u>13,684,540</u> |
| <u>LIABILITIES</u> | | | |
| 8. Deposits and balances of banks | 12,330,179 | | 10,565,355 |
| 9. Deposits from customers | | | |
| Demand deposits and current accounts | 193,754 | 140,504 | 12,570 |
| Savings deposits | 6,913 | 13,509 | 1,007,775 |
| Time, call and notice deposits | 1,254,553 | 1,455,220 | 1,894,590 |
| 10. Amount due to overseas offices | 4,174,991 | | 1,032,261 |
| 11. Other liabilities | 97,382 | | 38,321 |
| 12. Other Provisions | 0 | | 0 |
| Total Liabilities | <u>18,057,772</u> | | <u>13,684,540</u> |



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III. Additional Information

1. Impaired Loans and Advances

There were no impaired loans and advances to banks and other financial institutions as at 30th September 2016 and 31st March 2016 .

Impaired Loans and Advances to Customers

| | HK\$ Million | | | |
|------------------|--------------|------------------------------------|-------------------------------|--------------------|
| | Amount | Current market value of collateral | % to total loans and advances | Specific Provision |
| As on 30.09.2016 | 346,429 | 18,338 | 4.56% | 230,599 |
| As on 31.03.2016 | 539,417 | 226,424 | 7.09% | 275,212 |

| | <u>30.09.2016</u> HK\$ '000 | <u>31.03.2016</u> HK\$ '000 |
|---|--------------------------------|--------------------------------|
| <u>2. Derivatives</u> | | |
| a) Notional Amount | | |
| i) Exchange rate contracts | 999,199 | 909,555 |
| ii) Interest rate contracts | 968,587 | 1,515,151 |
| TOTAL | <u>1,967,786</u> | <u>2,424,706</u> |
| b) Fair Value of Derivative contracts (Gross) | | |
| i) Exchange rate contracts | (28,609) | (8,304) |
| ii) Interest rate contracts | (361) | 446 |
| TOTAL | <u>(28,970)</u> | <u>(7,858)</u> |

There are no bilateral netting arrangements and hence there is no effect on the fair value of the derivatives.

3. Off Balance Sheet Exposure other than derivative transactions

| | <u>30.09.2016</u> HK\$ '000 | <u>31.03.2016</u> HK\$ '000 |
|------------------------------------|--------------------------------|--------------------------------|
| Notional Amount | | |
| i) Direct credit substitutes | 175,670 | 122,594 |
| ii) Trade related contingent items | 970,114 | 973,342 |
| iii) Other commitments | - | - |
| TOTAL | <u>1,145,784</u> | <u>1,095,936</u> |



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III. Additional Information - continued

4 INTERNATIONAL CLAIMS

| | 30th September 2016 | | | | | Total |
|--|---------------------|----------------|---------------------------------------|--|----------|---------------|
| | Banks | Official Secto | Non-Bank | Private Sector | Others | |
| | | | Non-Bank Financial Institutions | Non- Financial Private Sector | | |
| | HK \$ Million | | | | | |
| 1 Developed Countries | - | - | - | 15 | - | 15 |
| 2 Offshore Centres | - | - | - | 34 | - | 34 |
| 3 Developing Europe | 78 | - | - | - | - | 78 |
| 4 Developing Latin America & Carribean | - | - | - | - | - | - |
| 5 Developing Africa & Middle East | 2 | - | - | - | - | 2 |
| 6 Developing Asia-Pacific | 8,895 | - | - | 3,724 | - | 12,619 |
| Of which India | 6,785 | - | - | 3,662 | - | 10,447 |
| 7 International Organisations | - | - | - | - | - | - |
| 8 Unallocated by Country | - | - | - | - | - | - |
| | 8,975 | - | - | 3,773 | - | 12,748 |

| | 31st March 2016 | | | | | Total |
|--|-----------------|----------------|---------------------------------------|--|----------|--------------|
| | Banks | Official Secto | Non-Bank | Private Sector | Others | |
| | | | Non-Bank Financial Institutions | Non- Financial Private Sector | | |
| | HK \$ Million | | | | | |
| 1 Developed Countries | 6 | - | - | 108 | - | 114 |
| 2 Offshore Centres | - | - | - | 31 | - | 31 |
| 3 Developing Europe | 78 | - | - | - | - | 78 |
| 4 Developing Latin America & Carribean | - | - | - | - | - | - |
| 5 Developing Africa & Middle East | 78 | - | - | - | - | 78 |
| 6 Developing Asia-Pacific | 5,394 | - | - | 4,223 | - | 9,617 |
| Of which India | 5,045 | - | - | 4,223 | - | 9,268 |
| 7 International Organisations | - | - | - | - | - | - |
| 8 Unallocated by Country | - | - | - | - | - | - |
| | 5,556 | - | - | 4,362 | - | 9,918 |

International claims are derived according to the location of counter parties on which the ultimate risk lies after taking into account any transfer of risk.



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5. Advances to customers

| | <u>30.09.2016</u> | | <u>31.03.2016</u> | |
|---|-------------------|-----------------------|-------------------|-----------------------|
| | HK\$ ('000) | | HK\$ ('000) | |
| | Loans | Covered by Collateral | Loans | Covered by Collateral |
| <u>i) By Sectors</u> | | | | |
| <u>Loans for use in Hong Kong</u> | | | | |
| a) Industrial, commercial & financial | | | | |
| Wholesale and retail trade | | | - | |
| b) Individuals | | | | |
| For Purchase of Residential Propertie | - | | - | |
| For other* business purposes | - | | - | |
| For other* private purposes | 2,959 | 2,959 | 8,786 | 8,786 |
| c) Others | 2,309,132 | 2,309,132 | 1,702,415 | 1,702,415 |
| Trade Finance | 1,411,131 | 417,052 | 1,439,826 | 446,163 |
| <u>Loans for use outside Hong Kong</u> | 3,868,439 | 91,155 | 4,462,080 | 222,896 |
| TOTAL ** | 7,591,661 | 2,820,298 | 7,613,107 | 2,380,260 |

* Other than for purchase of residential properties or credit card advances

**The total loans are covered by collateral or other security to the extent of HK\$ 2,820.298 Million as at 30th September 2016 and HK\$ 2,380.26 Million as at 31st March 2016.

| | <u>30.09.2016</u> | | <u>31.03.2016</u> | |
|--------------|-------------------|----|-------------------|----|
| | HK\$('000) | | HK\$('000) | |
| Hong Kong | 3,723,222 | * | 3,151,027 | * |
| India | 3,733,693 | ** | 4,222,660 | ** |
| Others | 134,746 | | 239,420 | |
| TOTAL | 7,591,661 | | 7,613,107 | |

* Out of the loans to Hong Kong \$ 307,654 ('000s) as at 30th September 2016 and HK\$ 298,500 ('000s) as at 31st March 2016 are impaired loans.

** Out of the loans to India \$ 38,775 ('000s) as at 30th September 2016 and HK\$ 240,917 ('000s) as at 31st March 2016 are impaired loans.

Geographical locations are based on the physical location of the borrower. Risk transfer is only made if the claim is guaranteed by a party in a country which is different from the counterparty.



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iii. Additional Information - continued

6. Overdue and Rescheduled Assets of Customers

| Overdue Loans and Advances to customers | | 30.09.2016 | | | (HK\$'000) | |
|---|----------------|---------------------------------|------------------------------------|-----------------|-------------------|--------------------|
| | Amount | (% to total loans and advances) | Current market value of collateral | Covered portion | Uncovered portion | Specific Provision |
| More than 3 months but not more than 6 months | 44,130 | 0.58% | - | - | 44,130 | 11,016 |
| More than 6 months but not more than one year | 153,690 | 2.02% | 18,338 | 18,338 | 283,961 | 219,583 |
| More than one year | 148,609 | 1.96% | | | | |
| Total | 346,429 | 4.56% | 18,338 | 18,338 | 328,091 | 230,599 |

| Overdue Loans and Advances to customers | | 31.03.2016 | | | (HK\$'000) | |
|---|----------------|---------------------------------|------------------------------------|-----------------|-------------------|--------------------|
| | Amount | (% to total loans and advances) | Current market value of collateral | Covered portion | Uncovered portion | Specific Provision |
| More than 3 months but not more than 6 months | 117,967 | 1.55% | | | 117,967 | 29,492 |
| More than 6 months but not more than one year | 259,341 | 3.41% | 226,424 | 226,424 | 195,026 | 245,720 |
| More than one year | 162,109 | 2.13% | | | | |
| Total | 539,417 | 7.09% | 226,424 | 226,424 | 312,993 | 275,212 |

There were Rescheduled loans and advances to customers overdue for more than 3 months \$ 49,061 ('000s) as on 30th September 2016 and \$ 49,053 ('000s) as on 31st March 2016 .

| | 30.09.2016 | 31.03.2016 |
|--|------------|------------|
| | (HK\$'000) | (HK\$'000) |
| Current market value of collateral held against the covered portion of impaired loans and advances | 18,338 | 226,424 |
| Covered portion of impaired loans and advances | 18,338 | 226,424 |
| Uncovered portion of impaired loans and advances | 328,091 | 312,993 |

There were other assets overdue for more than three months to the extent of HK\$ 83,811 ('000s) as at 30th September 2016 and HK\$ 55,577 ('000s) as at 31st March 2016 .

There was no repossessed assets held as at 30th September 2016 and 31st March 2016 .



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III. Additional Information - continued

7. Overdue and Rescheduled Assets to banks

There were no advances to banks overdue for more than 3 months as at 30th September 2016 and 31st March 2016 .

There were no other assets overdue for more than 3 months as at 30th September 2016 and 31st March 2016 .

There were no rescheduled advances as at 30th September 2016 and 31st March 2016 .

There were no repossessed assets as at 30th September 2016 and 31st March 2016 .

8. Mainland Activities Exposures

| | <u>30.9.2016</u> | | | <u>31.3.2016</u> | | |
|---|----------------------------------|-----------------------------------|----------------|----------------------------------|-----------------------------------|----------------|
| | HK\$('000s) | | | HK\$('000s) | | |
| | <u>On Balance Sheet Exposure</u> | <u>Off Balance Sheet Exposure</u> | <u>Total</u> | <u>On Balance Sheet Exposure</u> | <u>Off Balance Sheet Exposure</u> | <u>Total</u> |
| 1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs) | - | - | - | - | - | - |
| 2 Local governments, local government-owned entities and their subsidiaries and JVs | - | - | - | - | - | - |
| 3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | - | - | - | - | - | - |
| 4 Other entities of central government not reported in item 1 above | - | - | - | - | - | - |
| 5 Other entities of local governments not reported in item 2 above | - | - | - | - | - | - |
| 6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 347,507 | 38,940 | 386,447 | 281,915 | 17,810 | 299,725 |
| 7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China | - | - | - | - | - | - |
| Total | 347,507 | 38,940 | 386,447 | 281,915 | 17,810 | 299,725 |
| Total assets after provision | 18,057,772 | | | 13,684,540 | | |
| On-balance sheet exposures as percentage of total assets | 1.92% | | | 2.06% | | |



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III. Additional Information - continued

9. Foreign Currency Exposure

The position in a particular currency will be reported if the net position (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies.

| | 30.9.2016 | | | |
|---------------------------|-----------------------|------------|-------------|--------------|
| | (HK\$ Million) | | | |
| | US\$ | GBP | EURO | Total |
| Spot assets | 17,603 | 8 | 197 | 17,808 |
| Spot liabilities | (18,023) | (257) | (13) | (18,293) |
| Forward purchases | 710 | 249 | 3 | 962 |
| Forward sales | (290) | - | (187) | (477) |
| Net options | - | - | - | - |
| Net long (short) position | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

| | 31.3.2016 | | | |
|---------------------------|-----------------------|------------|-------------|--------------|
| | (HK\$ Million) | | | |
| | US\$ | GBP | EURO | Total |
| Spot assets | 13,418 | - | 101 | 13,519 |
| Spot liabilities | (13,612) | (319) | (22) | (13,953) |
| Forward purchases | 552 | 319 | 3 | 874 |
| Forward sales | (358) | - | (82) | (440) |
| Net options | - | - | - | - |
| Net long (short) position | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

There is no net structural position constituting 10% or more of the total net structural foreign currencies at the end of September 2016 and March 2016 .



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III. Additional Information - continued

10. Liquidity

| | Six Months ended 30.09.2016 | Six Months ended 30.09.2015 |
|-------------------------------------|--------------------------------|--------------------------------|
| Average Liquidity Maintenance Ratio | <u>39.57%</u> | <u>42.38%</u> |

Average Liquidity Maintenance Ratio is calculated as the simple average of each month's average liquidity ratio for the first six months of the financial year computed in accordance with Banking Liquidity Rules.

LIQUIDITY RISK MANAGEMENT

Bank has established in all material respects, the Internal Control system and Procedures in accordance with the requirements set-out in the "Supervisory Policy Manual (LM2- Sound Systems and Controls for Liquidity Risk Management) issued by HKMA. The Risk Management Committee, comprising of the Senior Executives of the Hong kong Branch is responsible for implementing the Liquidity Risk Management Strategy. Guidelines are issued by this Committee periodically for funding and contingency Planning. The bank uses the Cash Flow projections / Liquidity Planning schedules, prepared on a daily basis for Liquidity Management. The risk is tracked through maturity and cash flow mis-matches. Surplus or deficit at selected maturity dates, known as "Time buckets" is adopted as the standard tool for measuring Liquidity Risk. Limits on tolerance level of mis-matches have been set by the Bank and monitored regularly. Wholesale deposits and borrowings are also monitored on a daily basis.

The Bank calculates periodically various ratios with reference to the borrowings, wholesale deposits, commitments and derivative positions and these ratios are also used for monitoring the liquidity management. In addition, the Bank has committed lines of credit available to it, which can be utilised at any time, without any notice. Overall, the Bank has established sound Liquidity Policies and Procedures for Liquidity Management and they are being adhered to strictly.



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11. Remuneration System

The senior Management and the key personnel of the branch are Bank's officers from India, the remuneration package is on the lines decided by the Working Group of the Standing Committee by the Government of India, Ministry of Finance (Banking Division). The Standing Committee has been mandated to standardize the remuneration package to be paid to all India based officers of Indian public sector banks operating in various overseas centers including Hong Kong. The Committee meets at periodic intervals to review/revise the remuneration package taking into account cost of living, market situation, etc.

Remuneration of Senior Management and Key Personnel

Information on the remuneration for the Bank's senior management and key personnel is set out below:

(i) Amount of remuneration for the six months ended 30th September 2016.

| | HK\$ ('000s) | Beneficiaries |
|-----------------------|--------------|---------------|
| Fixed remuneration | 800 | 4 |
| Variable remuneration | - | - |
| | <hr/> | <hr/> |
| | 800 | 4 |

ii) No senior management or key personnel has been awarded with deferred remuneration during the six months ended 30th September 2016.

iii) No senior management or key personnel has been awarded with new sign-on or severance payment during the six months ended 30th September 2016.

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SECTION B - BANK INFORMATION CONSOLIDATED BASIS

1. Capital and Capital Adequacy

| | <u>31.3.2016</u> HK\$('000s) | <u>31.3.2015</u> HK\$('000s) |
|---|---------------------------------|---------------------------------|
| <u>i) Capital</u> | | |
| Shareholders' Funds | 49,595,289* | 52,131,082** |
| <u>ii) Capital Adequacy Ratio***</u> | | |
| Basel II | 14.76% | 13.90% |
| Basel III | 13.63% | 13.07% |

***Capital Adequacy Ratio is calculated in accordance with the requirements of Reserve Bank of India.

2. Other financial information


| | <u>31.3.2016</u> HK\$('000s) | <u>31.3.2015</u> HK\$('000s) |
|-------------------------|---|---|
| Total Assets | 806,510,006* | 910,641,906** |
| Total Liabilities | 756,914,717* | 858,510,824** |
| Total Advances | 456,809,784* | 540,217,729** |
| Total Customer Deposits | 586,726,318* | 641,259,514** |
| | <u>Year Ended</u> <u>31st March 2016</u> | <u>Year Ended</u> <u>31st March 2015</u> |
| Pre-tax Profit(Loss) | (7,249,212)* | 7,521,424** |

* Indian Rupee converted to HK\$ @ 8.57 (31st March 2016)

** Indian Rupee converted to HK\$ @ 8.06 (31st March 2015)

Declaration of Chief Executive Officer

We have prepared the financial disclosure statement of Bank of Baroda, Hong Kong Branch for the six months ended 30th September 2016. The information disclosed complies fully with the Banking (Disclosure) Rules made by the Hong Kong Monetary Authority under Section 60A of the Banking Ordinance (Cap.155). To the best of my knowledge, the Disclosure Statement is not false or misleading.


Sanjay Kumar
Chief Executive
Bank of Baroda
Hong Kong

